

UNITED NATIONS

**Office of Internal Oversight Services
UNHCR Audit Service**

Assignment AR2005/121/07
Audit Report R05/R010

9 June 2005

AUDIT OF UNHCR OPERATIONS IN SWITZERLAND

Auditor:

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Office of Internal Oversight Services
UNHCR Audit Service

AUDIT OF UNHCR OPERATIONS IN SWITZERLAND (AR2005/121/07)

EXECUTIVE SUMMARY

In March and April 2005, OIOS conducted an audit of UNHCR Operations in Switzerland and Liechtenstein. The audit covered activities with a total expenditure of US\$ 231,800 for the year 2004. A draft audit report was shared with the Director of the Bureau for Europe and the Head of the Liaison Office for Switzerland and Liechtenstein in April 2005. *The Head of the Liaison Office has accepted the recommendations made and is in the process of implementing them.*

Overall Assessment

- OIOS assessed the UNHCR Operation in Switzerland and Liechtenstein as above average. Overall, it was well run, and although some weaknesses in the application of internal controls were identified, the weaknesses concerned were not sufficiently critical to compromise the overall system of internal control.

Programme Management

- The only project managed by the Liaison Office (04/AB/SWI/LS/400) increased throughout 2004 from an initial budget of US\$ 110,200 to a final appropriation of US\$ 197,750, as a result of its involvement in the Zalmaï exhibition project. The project grew significantly from a one-time exhibition in Switzerland to a travelling world exhibit. Despite the budget increase of 56 per cent, the final 2004 expenditures exceeded the budget by almost US\$ 18,500, which were provided by other operations within the Bureau for Europe. No documentation was available authorising the transfer of these funds.
- The Zalmaï exhibition project, which has been a success, was initiated by the Liaison Office and coordinated by the Head of Office. Although the exhibit is now targeting other regions, its responsibility still lies with the Liaison Office. Given the limited resources of the Liaison Office and considering that the project reaches further than just Switzerland, it seems appropriate to transfer the responsibility for the project to the Division of External Relations.
- The Liaison Office was working with only one partner; the Organisation Suisse d'Aide aux Réfugiés (OSAR). As its activities with this partner had been discontinued in 2005, OIOS focused on the Liaison Office's financial and performance monitoring of the partner. Considering the protection nature of the operation and the limited financial input of UNHCR in the partner's global budget, the monitoring was adequately performed.
- In general, indicators and targets determined in the country Project Submission could be

improved by introducing quantitative and measurable targets.

Administration

- Given the Office's location at Headquarters, there were only limited activities in administration and finance. OIOS review of the financial monitoring of the Liaison Office noted however that not all supporting documents and vouchers were kept by the Liaison Office and recommended that standard essential files be maintained. OIOS also noted that the Liaison Office could benefit from further administrative and financial skills. *The Liaison Office has taken action and requested to change the Secretary position to one of an Admin/Finance Clerk in the 2006 COP submission.*
- In trying to reconcile the detailed ABOD transaction data to summary reports, OIOS identified several transactions in the Commitment Control Ledger that were not charged to the correct programme code and therefore, for reporting purposes MSRP did not pick up all the transactions and disclosed an erroneous amount. OIOS suggest that the MSRP Project team review this and that the query for commitment reports on ABOD expenditure be amended accordingly. *Action has not yet been taken.* OIOS will bring this to the attention of the MSRP Project team through its on-going review of MSRP.

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I. INTRODUCTION

1. From 21 March to 7 April 2005, OIOS conducted an audit of UNHCR's Operations in Switzerland and Liechtenstein at UNHCR Headquarters. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
2. The Liaison Office for Switzerland and Liechtenstein is based at UNHCR Headquarters. Following the increasingly restrictive position of Switzerland in recent years, the Liaison Office is placing emphasis on public awareness activities and dialogue with the authorities until the new Asylum Law is approved by Parliament. On a more institutional aspect, the Liaison Office is involved in the asylum 'airport procedure', and a Protection Officer is posted at the airport to monitor refusals of asylum, and intervene as necessary.
3. The findings and recommendations contained in this report have been discussed with the official responsible for the audited activities during the exit conference held on 7 April 2005. A draft of the report was shared with the Director of the Bureau for Europe and the Head of the Liaison Office in April 2005. *The Head of the Liaison Office has accepted the audit recommendations made and is in the process of implementing some of them.*

II. AUDIT OBJECTIVES

4. The main objectives of the audit were to evaluate the adequacy and effectiveness of controls to ensure:
 - Reliability and integrity of financial and operational information;
 - Effectiveness and efficiency of operations; and
 - Compliance with regulations and rules, the Letter of Instruction and the Sub-Project Agreement.

II. AUDIT SCOPE AND METHODOLOGY

5. The audit focused on 2004 programme activities under project 04/AB/SWI/LS/400 with expenditure of US\$ 216,200. Our review concentrated on the activities directly implemented by UNHCR with expenditure of US\$ 162,400 and on the monitoring by the Liaison Office of the activities of its implementing partner Organisation Suisse d'Aide aux Réfugiés (OSAR), representing US\$ 53,800. The partnership with OSAR has been discontinued in 2005.
6. The audit reviewed the administration of the Liaison Office with a budget totalling US\$ 15,500 for the year 2004. Six staff members were working for the operation in 2004, comprising five staff on regular posts and a JPO.
7. The audit activities included a review and assessment of internal control systems, interviews with staff, analysis of applicable data and a review of the available documents and other relevant records.

III. AUDIT FINDINGS AND RECOMMENDATIONS

A. Zalmaï exhibition project

8. The Liaison Office manages a single project, 04/AB//SWI/LS/400 for the promotion of refugees' rights, public awareness and fundraising.

9. In 2004, the budget of the project increased by 56 per cent, from US\$ 110,200 to a final appropriation of US\$ 197,750. This progressive increase derives from the Liaison Office's involvement in the Zalmaï exhibition project, which grew from initially funding the project of a photographer of Swiss refugees of Afghan origin, to cover the return of refugees to Afghanistan, and the coordinating of a travelling world exhibit. Earmarked funds were received and allocated to the project as additional contributions for unbudgeted activities (as described in IOM/FOM/016/2004, of 9 February 2004). The successive increases of the appropriation did not fully cover the final year-end project expenditure of US\$ 216,200, which was US\$ 18,500 or 9 per cent in excess of the final appropriation. The Liaison Office could not provide OIOS with a formal authorization from the Director of the Bureau for Europe to transfer funds to the project. OIOS mentioned to the Head of Liaison Office that a formal authorization for the transfer of funds should have been secured prior to the further commitment of funds. *The Head of Office further explained that the over expenditure derived from the uniqueness of the Zalmaï project and from the Liaison Office incurring some expenditure on behalf of the Division of External Relations.*

10. In its review of the documentation available, OIOS noted that for catering and printing services valued at US\$ 13,000 related to the staging of the Geneva exhibition, three quotations had not been received and compared to ensure best value for money. There was only a memorandum, which authorized the procurement ex post facto. OIOS reminded the Liaison Office of the need to comply with UNHCR's procurement rules and procedures. *The Head of Office explained that the market on such services was a very limited one and that, in the case of catering services, the company had associated its offer with a donation-in-kind.*

11. Very soon after the initiation of the Zalmaï exhibition, it developed into one of a worldwide travelling exhibition and a collection book of photographs. The exhibition was partly funded from private contributions. Considering the size of the project and its far-reaching audience, it is not clear to OIOS why the Liaison Office is still responsible for coordinating it. Given the limited staffing levels of the Liaison Office, it seems appropriate to transfer the responsibility for the exhibition to the Division of External Relations.

Recommendation:

- The UNHCR Bureau for Europe should consider transferring the responsibility for the coordination of the Zalmaï project to the Division of External Relations, as there is no longer a clear rationale for the involvement of the Liaison Office for Switzerland and Liechtenstein (Rec. 01).

B. Other Programme Issues

12. Until 2004, the Liaison Office delegated some responsibilities of the programme to its implementing partner, OSAR, under sub-project 04/AB/SWI/LS/400(a). In 2004, OSAR

received US\$ 53,800 to provide legal advice and disseminate legal and jurisprudence analysis, as well as to coordinate NGOs and other actors in the field of asylum seekers. Considering the very low ratio of UNHCR funds to the overall budget of OSAR, these could be seen as a contribution to OSAR's overall activities rather than directly funding a specific project.

13. As the partnership with OSAR was discontinued in 2005, OIOS focused on the Liaison Office's monitoring of the partner.

14. OIOS assessed that project financial monitoring was competently performed. However, standard reports were not submitted in accordance with the timeline, and the amounts and sequence of instalments did not equate to the provisions in the Sub-Project Agreement. OIOS suggested that future Sub-Project Agreements be as realistic as possible.

15. The latest set of indicators and targets for the performance measurement of programme activities in Switzerland and Liechtenstein are detailed in the 2005 Country Operation Plan (COP). In general, these could be improved, introducing quantitative and measurable targets. For example, in the 2005 COP, under Theme 1 Goal 2, performance indicators "organized presence of legal counsellors inside all reception centres" could be restated as "ensure presence in X centres out of the total XX centres". "Timely production of UNHCR comments" would have to define what is meant by timely (e.g. within 1 month after release of legislation) and monitor variances. On the Zalmāi exhibition (Theme 2 Goal 1), starting from the number of viewers in 2004 and the planned exhibit, a reasonable target audience could be set. *On the advice of OIOS, the Liaison Office has already amended its 2006 COP to include the quantitative examples as provided above.*

Recommendation:

- The UNHCR Liaison Office for Switzerland and Liechtenstein should further review its objectives and targets to introduce quantitative measurable targets (Rec. 02).

C. Administration

16. Considering the Liaison Office's location at Headquarters, there were only limited activities in administration and finance. The Liaison Office refers to the Supply Management Service for procurement, the Personnel Administration Section for local staffing issues and the Finance Section is approving expenditure. Therefore, in its review of the Liaison Office's administration, OIOS mainly focused on its responsibility for financial control and monitoring.

17. OIOS noted that supporting documents and vouchers for all transactions were not all kept in one file. The Desk had to provide copies of some of the project's main documents, as they were not available in the Liaison Office. For monitoring purposes as well as for the efficiency of controls, standard essential files such as a Project File and an Accounting file (with vouchers and supporting documentation in sequential order and by month) should be kept within the Liaison Office.

Recommendation:

- The UNHCR Liaison Office for Switzerland and Liechtenstein should ensure all supporting documentation and relevant information on its activities be kept, organized and filed in the Liaison Office (Rec. 03).

18. Considering the size of the operation and the staffing level, the Secretary is responsible for the activities relating to the Administrative and Programme budgets. Although assistance from the Programme Assistant of the Desk covering Switzerland is provided on specific issues or upon request, it appears that the incumbent did not undergo specific financial and programme management training, as her present responsibilities would require. *The Liaison Office has already included in its COP for 2006 a request to change the Secretary position to one of Admin/Finance Clerk, which is more representative of present responsibilities and skills needed in the Liaison Office.*

19. In trying to reconcile the detailed ABOD transaction data to summary reports, OIOS identified several transactions in the Commitment Control Ledger that were not appropriately charged to the 699 programme code. One transaction was directly recorded under programme 800, which should just comprise of staff costs, and two other transactions were recorded under the Annual Budget (AB). As a result, the MSRP 'HCR 113' report did not pick up the transactions and disclosed an erroneous amount.

20. Moreover, OIOS found that while all 699 expenditure initially posted to the Commitment Control Ledger should be broken down and reallocated to programmes 700, 800 and 900 in the General Ledger, some US\$ 1,000 was still not reallocated for the 2004 ABOD account. It was not evident why this amount has remained, as we understand that obligations no longer required were cleared prior to the closure of the 2004 accounts. OIOS has requested the UNHCR Finance Section to review these balances to ensure they are appropriately allocated and/or cleared. It should be noted that OIOS' audit of MSRP Post Implementation has already identified the clearing of commitments as an area warranting further attention by the UNHCR Finance Section. We will bring this issue to the attention of the MSRP Project team.

IV. ACKNOWLEDGEMENT

21. I wish to express my appreciation for the assistance and cooperation extended to the auditor by the staff of UNHCR.

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